

MORTON COUNTY, KANSAS
Elkhart, Kansas

FINANCIAL STATEMENTS
For the year ended December 31, 2010

MORTON COUNTY, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2010

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MORTON COUNTY, KANSAS

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For the year ended December 31, 2010

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MORTON COUNTY, KANSAS

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Morton County, Kansas

We have audited the accompanying primary government financial statements of Morton County, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of Morton County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Morton County, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Morton County, Kansas, as of December 31, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, Morton County, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Board of County Commissioners
Morton County, Kansas

Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Morton County, Kansas, as of December 31, 2010, and its respective cash receipts and expenditures and budgetary comparisons, for the year then ended, in conformity with the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the primary government financial statements of Morton County, Kansas taken as a whole. The supplemental schedule shown on pages 66 through 69 is presented for purposes of additional analysis and is not a required part of the primary government financial statements. The supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Hay•Rice & Associates, Chartered

August 30, 2011

MORTON COUNTY, KANSAS

Statement 1
(Continued)

SUMMARY OF CASH RECEIPTS, CASH DISBURSEMENTS
AND UNENCUMBERED CASH

For the year ended December 31, 2010

Composition of Cash:

County Treasurer:

Time Deposits:

Colorado East Bank and Trust – CD's \$1,250,000

First National Bank – Elkhart, KS – CD's 7,700,000

First National Bank – Elkhart, KS – Money Market 3,016

Checking Account:

First National Bank – Elkhart, KS 7,099,317

Cash on hand 41,867

Clerk of the District Court:

Checking Account:

First National Bank – Elkhart, KS 22,446

Law Library:

Checking Account:

First National Bank – Elkhart, KS 177

Total Primary Government \$16,116,823

Agency Funds per Statement 4 9,180,869

Total Reporting Entity (Excluding Agency Funds) \$ 6,935,954

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 2

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET

For the year ended December 31, 2010

<u>Funds</u>	<u>Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavor.)</u>
Governmental Type Funds:			
General Fund	\$4,726,619	\$3,960,741	\$765,878
Special Revenue Funds:			
Road and Bridge	1,951,550	1,676,377	275,173
Extension Council	130,000	127,717	2,283
Conservation District	32,000	30,483	1,517
Mental Health	32,000	30,457	1,543
Developmental Disabled	20,000	19,781	219
Health	130,324	107,792	22,532
Emergency Medical Service	107,470	107,081	389
Hospital Maintenance	1,029,372	1,029,372	-
Council on Aging	172,341	124,862	47,479
Rural Fire District	177,300	175,950	1,350
Library Maintenance	333,454	328,097	5,357
Historical Records	114,300	112,969	1,331
Noxious Weed	185,720	89,025	96,695
Airport Maintenance	225,531	52,029	173,502
Employees' Benefits	1,485,000	1,438,753	46,247
Fair Maintenance	83,838	82,597	1,241
County Building	725,000	316,620	408,380
Special Alcohol and Drug Abuse	2,700	2,700	-
Equipment Reserve	535,000	170,412	364,588
Bond and Interest	555,602	555,602	-

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3

STATEMENTS OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

MORTON COUNTY, KANSAS

Statement 3-1

GENERAL FUNDSTATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$2,631,836	\$2,666,542	\$ (34,706)	\$2,607,405
Back tax collections	16,255	12,000	4,255	10,567
Interest on delinquent taxes	12,191	20,000	(7,809)	21,935
Motor vehicle tax	<u>48,618</u>	<u>51,362</u>	<u>(2,744)</u>	<u>44,266</u>
Total taxes	<u>\$2,708,900</u>	<u>\$2,749,904</u>	<u>\$ (41,004)</u>	<u>\$2,684,173</u>
Intergovernmental:				
State – Severance tax	<u>\$ 200,948</u>	<u>\$ 210,000</u>	<u>\$ (9,052)</u>	<u>\$ 137,494</u>
Licenses, Permits and Fees:				
Mortgage registration fees	\$ 372,373	\$ 20,000	\$ 352,373	\$ 21,567
Motor vehicle registration fees (KSA 8-145)	23,350	15,000	8,350	19,588
Officers' fees	<u>23,004</u>	<u>30,000</u>	<u>(6,996)</u>	<u>23,532</u>
Total licenses, permits & fees	<u>\$ 418,727</u>	<u>\$ 65,000</u>	<u>\$ 353,727</u>	<u>\$ 64,687</u>
Use of Money and Property:				
Interest on time deposits	\$ 127,949	\$ 230,000	\$ (102,051)	\$ 214,925
Rentals and grain sales	34,178	35,000	(822)	5,286
Royalties	<u>8,533</u>	<u>7,500</u>	<u>1,033</u>	<u>6,348</u>
Total use of money & property	<u>\$ 170,660</u>	<u>\$ 272,500</u>	<u>\$ (101,840)</u>	<u>\$ 226,559</u>
Other:				
Landfill receipts	\$ 27,643	\$ 35,000	\$ (7,357)	\$ 29,583
Close out Assisted Living Fund	302,668	-	302,668	-
Other	32,522	-	32,522	29,949
Reimbursed expenses	26,890	-	26,890	26,723
Golf course	78,098	80,000	(1,902)	81,696
Register of Deeds Tech Funds	6,520	-	6,520	6,524
Civic Center	7,135	25,000	(17,865)	8,896
Law enforcement contracts	<u>48,186</u>	<u>-</u>	<u>48,186</u>	<u>44,409</u>
Total other	<u>\$ 529,662</u>	<u>\$ 140,000</u>	<u>\$ 389,662</u>	<u>\$ 227,780</u>
Total cash receipts	<u>\$4,028,897</u>	<u>\$3,437,404</u>	<u>\$ 591,493</u>	<u>\$3,340,693</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-1
(Continued)

GENERAL FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	Current Year			
			Variance	Prior
			Favorable	Year
Expenditures and Transfers	Actual	Budget	(Unfavor.)	Actual
Subject to Budget (Schedule 1)				
General Government:				
County Commissioners	\$ 52,821	\$ 57,000	\$ 4,179	\$ 60,248
County Clerk	12,324	17,650	5,326	13,152
County Treasurer	10,590	22,090	11,500	12,979
County Attorney	41,646	75,000	33,354	17,098
Register of Deeds	25,352	13,505	(11,847)	20,245
Election Expense	27,865	43,500	15,635	10,384
Appraiser	106,824	131,600	24,776	120,574
Clerk of District Court	85,230	69,500	(15,730)	80,404
Courthouse General	241,932	437,150	195,218	183,416
Data Processing	55,935	52,954	(2,981)	43,545
Purchasing Department	28,017	27,600	(417)	25,857
Total general government	\$ 688,536	\$ 947,549	\$ 259,013	\$ 587,902
Public Safety:				
Sheriff	\$ 151,354	\$ 191,000	\$ 39,646	\$ 119,524
Mobile communications	-	10,700	10,700	-
Juvenile detention	6,935	5,000	(1,935)	3,989
Total public safety	\$ 158,289	\$ 206,700	\$ 48,411	\$ 123,513
Environmental:				
Solid waste	\$ 47,076	\$ 125,940	\$ 78,864	\$ 34,651
Payroll Department	\$2,333,155	\$2,600,000	\$ 266,845	\$2,297,886
Economic Development	\$ 20,781	\$ 43,920	\$ 23,139	\$ 18,286
Golf Course	\$ 75,773	\$ 89,810	\$ 14,037	\$ 73,920
Civic Center	\$ 32,131	\$ 107,700	\$ 75,569	\$ 47,397

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-1
(Continued)

GENERAL FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance Favorable (Unfavor.)</u>	<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Expenditures and Transfers</u>				
<u>Subject to Budget (Continued)</u>				
Other Appropriations:				
Equipment reserve	\$ 275,000	\$ 275,000	-	\$ -
WEKANDO – Contractual	330,000	330,000	-	205,995
Reimburse Bond and Interest	-	-	-	1,510
Reimburse Airport Fund	-	-	-	75,000
Total other	<u>\$ 605,000</u>	<u>\$ 605,000</u>	<u>-</u>	<u>\$ 282,505</u>
Total expenditures and transfers subject to budget	<u>\$3,960,741</u>	<u>\$4,726,619</u>	<u>\$ 765,878</u>	<u>\$3,466,060</u>
Receipts over (under) expenditures	\$ 68,156			\$ (125,367)
Unencumbered Cash, Beginning	<u>1,540,118</u>			<u>1,665,485</u>
Unencumbered Cash, Ending	<u>\$1,608,274</u>			<u>\$1,540,118</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-2

ROAD AND BRIDGE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 356,626	\$ 362,277	\$ (5,651)	\$ 711,540
Back tax collections	4,385	2,500	1,885	2,553
Motor vehicle tax	<u>13,073</u>	<u>14,016</u>	<u>(943)</u>	<u>11,926</u>
Total taxes	<u>\$ 374,084</u>	<u>\$ 378,793</u>	<u>\$ (4,709)</u>	<u>\$ 726,019</u>
Intergovernmental:				
Gas tax	\$ 201,500	\$ 155,000	\$ 46,500	\$ 184,915
County Equalization Fund	4,929	10,000	(5,071)	10,171
Submarginal land	<u>615,936</u>	<u>950,000</u>	<u>(334,064)</u>	<u>1,433,498</u>
Total intergovernmental	<u>\$ 822,365</u>	<u>\$1,115,000</u>	<u>\$ (292,635)</u>	<u>\$1,628,584</u>
Other:				
Miscellaneous	\$ 13,475	-	\$ 13,475	\$ 2,978
Grants and gifts	<u>1,167</u>	<u>-</u>	<u>1,167</u>	<u>444</u>
Total other	<u>\$ 14,642</u>	<u>-</u>	<u>\$ 14,642</u>	<u>\$ 3,422</u>
Total cash receipts	<u>\$1,211,091</u>	<u>\$1,493,793</u>	<u>\$ (282,702)</u>	<u>\$2,358,025</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Transportation – Highways:				
Contractual services	\$ 150,684	\$ 80,150	\$ (70,534)	\$ 76,368
Commodities	825,693	1,371,400	545,707	1,150,024
Capital outlay	-	500,000	500,000	41,570
Transfer – Special Highway	350,000	-	(350,000)	415,000
Transfer – Special Equipment	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>	<u>415,000</u>
Total expenditures and transfers subject to budget	<u>\$1,676,377</u>	<u>\$1,951,550</u>	<u>\$ 275,173</u>	<u>\$2,097,962</u>
Receipts over (under) expenditures	\$ (465,286)			\$ 260,063
Unencumbered Cash, Beginning	<u>488,882</u>			<u>228,819</u>
Unencumbered Cash, Ending	<u>\$ 23,596</u>			<u>\$ 488,882</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-3

EXTENSION COUNCIL FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$124,158	\$127,071	\$ (2,913)	\$128,368
Back tax collections	804	400	404	504
Motor vehicle tax	<u>2,405</u>	<u>2,529</u>	<u>(124)</u>	<u>2,216</u>
Total cash receipts	\$127,367	<u>\$130,000</u>	<u>\$ (2,633)</u>	\$131,088
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Natural Resources:				
Appropriations – Extension				
Council	<u>127,717</u>	<u>\$130,000</u>	<u>\$ 2,283</u>	<u>131,500</u>
Receipts over (under) expenditures	\$ (350)			\$ (412)
Unencumbered Cash, Beginning	<u>350</u>			<u>762</u>
Unencumbered Cash, Ending	<u>-</u>			<u>\$ 350</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-4

CONSERVATION DISTRICT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 29,728	\$ 31,234	\$ (1,506)	\$ 31,268
Back tax collections	190	150	40	118
Motor vehicle tax	<u>565</u>	<u>616</u>	<u>(51)</u>	<u>481</u>
Total cash receipts	\$ 30,483	\$ <u>32,000</u>	\$ <u>(1,517)</u>	\$ 31,867
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Natural Resources:				
Appropriation to District	<u>30,483</u>	\$ <u>32,000</u>	\$ <u>1,517</u>	<u>31,898</u>
Receipts over (under) expenditures	-			\$ (31)
Unencumbered Cash, Beginning	<u>-</u>			<u>31</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-5

MENTAL HEALTH FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 29,728	\$ 31,183	\$ (1,455)	\$ 31,260
Back tax collections	174	200	(26)	103
Motor vehicle tax	<u>555</u>	<u>617</u>	<u>(62)</u>	<u>428</u>
Total cash receipts	\$ 30,457	\$ <u>32,000</u>	\$ <u>(1,543)</u>	\$ 31,791
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Health:				
Appropriations – Area Mental				
Health	<u>30,457</u>	\$ <u>32,000</u>	\$ <u>1,543</u>	<u>31,791</u>
Receipts over (under) expenditures	-			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-6

DEVELOPMENTAL DISABLED FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 19,236	\$ 19,520	\$ (284)	\$ 19,315
Back tax collections	141	100	41	102
Motor vehicle tax	<u>390</u>	<u>380</u>	<u>10</u>	<u>431</u>
Total receipts	\$ 19,767	\$ <u>20,000</u>	\$ <u>(233)</u>	\$ 19,848
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Health:				
Contractual services	<u>19,781</u>	\$ <u>20,000</u>	\$ <u>219</u>	<u>19,890</u>
Receipts over (under) expenditures	\$ (14)			\$ (42)
Unencumbered Cash, Beginning	<u>206</u>			<u>248</u>
Unencumbered Cash, Ending	\$ <u>192</u>			\$ <u>206</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-7

HEALTH FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
<u>Cash Receipts</u>			<u>(Unfavor.)</u>	<u>Actual</u>
Taxes:				
Back tax collections	\$ <u>193</u>	\$ <u>250</u>	\$ <u>(57)</u>	\$ <u>809</u>
Other:				
Grants	\$ <u>29,699</u>	\$ <u>17,000</u>	\$ <u>12,699</u>	\$ <u>23,369</u>
Charges for sales and services	<u>122,543</u>	<u>60,000</u>	<u>62,543</u>	<u>101,029</u>
Total other	<u>\$152,242</u>	<u>\$ 77,000</u>	<u>\$ 75,242</u>	<u>\$124,398</u>
Total cash receipts	<u>\$152,435</u>	<u>\$ 77,250</u>	<u>\$ 75,185</u>	<u>\$125,207</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Health:				
Contractual services	\$ <u>39,160</u>	\$ <u>43,074</u>	\$ <u>3,914</u>	\$ <u>42,510</u>
Commodities	<u>68,209</u>	<u>59,250</u>	<u>(8,959)</u>	<u>50,683</u>
Capital outlay	<u>423</u>	<u>28,000</u>	<u>27,577</u>	<u>3,264</u>
Total expenditures and transfers subject to budget	<u>\$107,792</u>	<u>\$130,324</u>	<u>\$ 22,532</u>	<u>\$ 96,457</u>
Receipts over (under) expenditures	\$ <u>44,643</u>			\$ <u>28,750</u>
Unencumbered Cash, Beginning	<u>101,502</u>			<u>72,752</u>
Unencumbered Cash, Ending	<u>\$146,145</u>			<u>\$101,502</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-8

EMERGENCY MEDICAL SERVICE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ -	\$ -	\$ -	\$ 37,219
Back tax collections	363	250	113	320
Motor vehicle tax	856	734	122	1,260
Total taxes	<u>\$ 1,219</u>	<u>\$ 984</u>	<u>\$ 235</u>	<u>\$ 38,799</u>
Other:				
Grants and gifts	\$ 13,800	\$ -	\$ 13,800	\$ 367
Charges for service	98,441	87,500	10,941	101,402
Total other	<u>\$112,241</u>	<u>\$ 87,500</u>	<u>\$ 24,741</u>	<u>\$101,769</u>
Total cash receipts	<u>\$113,460</u>	<u>\$ 88,484</u>	<u>\$ 24,976</u>	<u>\$140,568</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Health:				
Contractual services	\$ 27,579	\$ 37,158	\$ 9,579	\$ 32,189
Commodities	26,076	35,312	9,236	25,944
Capital outlay	13,426	5,000	(8,426)	1,267
Transfer – Emergency Medical				
Service Equipment Fund	<u>40,000</u>	<u>30,000</u>	<u>(10,000)</u>	<u>119,000</u>
Total expenditures and transfers subject to budget	<u>\$107,081</u>	<u>\$107,470</u>	<u>\$ 389</u>	<u>\$178,400</u>
Receipts over (under) expenditures	\$ 6,379			\$ (37,832)
Unencumbered Cash, Beginning	31,993			69,825
Unencumbered Cash, Ending	<u>\$ 38,372</u>			<u>\$ 31,993</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-9

HOSPITAL MAINTENANCE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$1,049,231	\$1,005,255	\$ 43,976	\$1,046,581
Back tax collections	6,921	3,500	3,421	4,419
Motor vehicle tax	<u>20,121</u>	<u>20,617</u>	<u>(496)</u>	<u>19,960</u>
Total cash receipts	\$1,076,273	<u>\$1,029,372</u>	<u>\$ 46,901</u>	\$1,070,960
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Hospital – Appropriations	<u>1,029,372</u>	<u>\$1,029,372</u>	<u>-</u>	<u>1,071,816</u>
Receipts over (under) expenditures	\$ 46,901			\$ (856)
Unencumbered Cash, Beginning	<u>-</u>			<u>856</u>
Unencumbered Cash, Ending	<u>\$ 46,901</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-10

COUNCIL ON AGING FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$108,431	\$110,420	\$ (1,989)	\$ 73,205
Back tax collections	697	500	197	524
Motor vehicle tax	<u>1,631</u>	<u>1,441</u>	<u>190</u>	<u>2,366</u>
Total taxes	<u>\$110,759</u>	<u>\$112,361</u>	<u>\$ (1,602)</u>	<u>\$ 76,095</u>
Other:				
Grants and gifts	\$ 198	\$ -	\$ 198	\$ 4,712
Miscellaneous income	<u>3,600</u>	<u>6,000</u>	<u>(2,400)</u>	<u>3,600</u>
Total other	<u>\$ 3,798</u>	<u>\$ 6,000</u>	<u>\$ (2,202)</u>	<u>\$ 8,312</u>
Total cash receipts	<u>\$114,557</u>	<u>\$118,361</u>	<u>\$ (3,804)</u>	<u>\$ 84,407</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Social Services:				
Personal services	\$ 5,913	\$ 8,712	\$ 2,799	\$ 5,161
Contractual services	105,368	137,729	32,361	100,677
Commodities	9,544	22,900	13,356	8,314
Capital outlay	<u>4,037</u>	<u>3,000</u>	<u>(1,037)</u>	<u>4,963</u>
Total expenditures and transfers subject to budget	<u>\$124,862</u>	<u>\$172,341</u>	<u>\$ 47,479</u>	<u>\$119,115</u>
Receipts over (under) expenditures	\$ (10,305)			\$ (34,708)
Unencumbered Cash, Beginning	<u>85,344</u>			<u>120,052</u>
Unencumbered Cash, Ending	<u>\$ 75,039</u>			<u>\$ 85,344</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-11

RURAL FIRE DISTRICT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
<u>Cash Receipts</u>			<u>(Unfavor.)</u>	<u>Actual</u>
Taxes:				
Ad valorem property tax	\$162,646	\$165,333	\$ (2,687)	\$115,191
Back tax collections	794	500	294	511
Motor vehicle tax	<u>2,272</u>	<u>2,259</u>	<u>13</u>	<u>2,387</u>
Total taxes	\$165,712	\$168,092	\$ (2,380)	\$118,089
Other:				
Miscellaneous	<u>1,270</u>	<u>-</u>	<u>1,270</u>	<u>98</u>
Total cash receipts	<u>\$166,982</u>	<u>\$168,092</u>	<u>\$ (1,110)</u>	<u>\$118,187</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Public Safety – Fire Protection:				
Contractual services	\$ 40,528	\$ 22,600	\$ (17,928)	\$ 37,517
Commodities	7,484	72,700	65,216	6,159
Capital outlay	52,938	82,000	29,062	41,105
Transfer:				
Rural Fire Equipment Fund	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>50,000</u>
Total expenditures and transfers subject to budget	<u>\$175,950</u>	<u>\$177,300</u>	<u>\$ 1,350</u>	<u>\$134,781</u>
Receipts over (under) expenditures	\$ (8,968)			\$ (16,594)
Unencumbered Cash, Beginning	<u>10,890</u>			<u>27,484</u>
Unencumbered Cash, Ending	<u>\$ 1,922</u>			<u>\$ 10,890</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-12

LIBRARY MAINTENANCE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$320,014	\$325,534	\$ (5,520)	\$325,929
Back tax collections	2,004	1,500	504	1,238
Motor vehicle tax	<u>6,079</u>	<u>6,420</u>	<u>(341)</u>	<u>5,503</u>
Total cash receipts	\$328,097	<u>\$333,454</u>	<u>\$ (5,357)</u>	\$332,670
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Library:				
Appropriations to Board	<u>328,097</u>	<u>\$333,454</u>	<u>\$ 5,357</u>	<u>332,743</u>
Receipts over (under) expenditures	-			\$ (73)
Unencumbered Cash, Beginning	<u>-</u>			<u>73</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-13

HISTORICAL FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$110,168	\$111,643	\$ (1,475)	\$114,501
Back tax collections	674	400	274	407
Motor vehicle tax	<u>2,127</u>	<u>2,257</u>	<u>(130)</u>	<u>1,816</u>
Total cash receipts	\$112,969	<u>\$114,300</u>	<u>\$ (1,331)</u>	\$116,724
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Appropriations to Board	<u>112,969</u>	<u>\$114,300</u>	<u>\$ 1,331</u>	<u>116,749</u>
Receipts over (under) expenditures	-			\$ (25)
Unencumbered Cash, Beginning	<u>-</u>			<u>25</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-14

NOXIOUS WEED FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET
 For the year ended December 31, 2010
 (with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
<u>Cash Receipts</u>			<u>(Unfavor.)</u>	<u>Actual</u>
Taxes:				
Ad valorem property tax	\$ 31,474	\$ 33,092	\$ (1,618)	\$ 44,107
Back tax collections	327	200	127	227
Motor vehicle tax	<u>775</u>	<u>858</u>	<u>(83)</u>	<u>864</u>
Total taxes	\$ 32,576	\$ 34,150	\$ (1,574)	\$ 45,198
Other:				
Charges for sales and services	<u>91,158</u>	<u>75,000</u>	<u>16,158</u>	<u>92,462</u>
Total cash receipts	<u>\$123,734</u>	<u>\$109,150</u>	<u>\$ 14,584</u>	<u>\$137,660</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Natural Resources:				
Contractual services	\$ 6,739	\$ 10,720	\$ 3,981	\$ 7,926
Commodities	75,433	170,000	94,567	141,983
Capital outlay	<u>6,853</u>	<u>5,000</u>	<u>(1,853)</u>	<u>-</u>
Total expenditures and transfers subject to budget	<u>\$ 89,025</u>	<u>\$185,720</u>	<u>\$ 96,695</u>	<u>\$149,909</u>
Receipts over (under) expenditures	\$ 34,709			\$ (12,249)
Unencumbered Cash, Beginning	<u>64,477</u>			<u>76,726</u>
Unencumbered Cash, Ending	<u>\$ 99,186</u>			<u>\$ 64,477</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-15

AIRPORT MAINTENANCE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 36,722	\$ 38,096	\$ (1,374)	\$ 42,170
Back tax collections	186	50	136	75
Motor vehicle tax	<u>748</u>	<u>830</u>	<u>(82)</u>	<u>409</u>
Total taxes	\$ 37,656	\$ 38,976	\$ (1,320)	\$ 42,654
Federal grants	-	-	-	240,157
Lease income/City of Elkhart	<u>12,097</u>	<u>9,800</u>	<u>2,297</u>	<u>6,428</u>
Total cash receipts	<u>\$ 49,753</u>	<u>\$ 48,776</u>	<u>\$ 977</u>	<u>\$289,239</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Transportation – Airport:				
Personal services	\$ 13,950	\$ 9,800	\$ (4,150)	\$ 13,950
Commodities	36	12,000	11,964	939
Contractual services	33,365	147,731	114,366	873
Capital outlay	<u>4,678</u>	<u>56,000</u>	<u>51,322</u>	<u>342,070</u>
Total expenditures and transfers subject to budget	<u>\$ 52,029</u>	<u>\$225,531</u>	<u>\$173,502</u>	<u>\$357,832</u>
Receipts over (under) expenditures	\$ (2,276)			\$ (68,593)
Unencumbered Cash, Beginning	<u>15,973</u>			<u>84,566</u>
Unencumbered Cash, Ending	<u>\$ 13,697</u>			<u>\$ 15,973</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-16

EMPLOYEES' BENEFITS FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$1,252,128	\$1,268,530	\$ (16,402)	\$1,106,698
Back tax collections	7,056	4,500	2,556	4,571
Motor vehicle tax	<u>21,444</u>	<u>21,799</u>	<u>(355)</u>	<u>20,293</u>
Total taxes	\$1,280,628	\$1,294,829	\$ (14,201)	\$1,131,562
Other:				
Reimbursed expenses	<u>4,730</u>	<u>18,000</u>	<u>(13,270)</u>	<u>5,559</u>
Total cash receipts	<u>\$1,285,358</u>	<u>\$1,312,829</u>	<u>\$ (27,471)</u>	<u>\$1,137,121</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Employees' Benefits:				
Social Security	\$ 172,013	\$ 180,000	\$ 7,987	\$ 171,531
KPERS	146,190	130,000	(16,190)	120,227
Unemployment	3,906	5,000	1,094	5,300
Workman's Comp.	69,094	80,000	10,906	68,182
Life insurance	8,753	10,000	1,247	9,444
Health insurance	<u>1,038,797</u>	<u>1,080,000</u>	<u>41,203</u>	<u>958,560</u>
Total expenditures and transfers				
subject to budget	<u>\$1,438,753</u>	<u>\$1,485,000</u>	<u>\$ 46,247</u>	<u>\$1,333,244</u>
Receipts over (under) expenditures	\$ (153,395)			\$ (196,123)
Unencumbered Cash, Beginning	<u>185,305</u>			<u>381,428</u>
Unencumbered Cash, Ending	<u>\$ 31,910</u>			<u>\$ 185,305</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-17

FAIR MAINTENANCE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 80,439	\$ 81,892	\$ (1,453)	\$ 86,076
Back tax collections	542	250	292	339
Motor vehicle tax	<u>1,616</u>	<u>1,696</u>	<u>(80)</u>	<u>1,473</u>
Total cash receipts	\$ 82,597	\$ <u>83,838</u>	\$ <u>(1,241)</u>	\$ 87,888
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Natural Resources:				
Appropriations to Board	<u>82,597</u>	\$ <u>83,838</u>	\$ <u>1,241</u>	<u>88,109</u>
Receipts over (under) expenditures	-			\$ (221)
Unencumbered Cash, Beginning	<u>-</u>			<u>221</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-18

COUNTY BUILDING FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$328,750	\$334,735	\$ (5,985)	\$348,919
Back tax collections	2,478	1,500	978	1,593
Motor vehicle tax	<u>7,173</u>	<u>6,874</u>	<u>299</u>	<u>7,823</u>
Total taxes	\$338,401	\$343,109	\$ (4,708)	\$358,335
Other:				
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
Total cash receipts	\$338,401	<u>\$343,109</u>	<u>\$ (4,708)</u>	\$359,685
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
General Government:				
Building maintenance and acquisition	<u>316,620</u>	<u>\$725,000</u>	<u>\$408,380</u>	<u>174,300</u>
Receipts over (under) expenditures	\$ 21,781			\$185,385
Unencumbered Cash, Beginning	<u>459,320</u>			<u>273,935</u>
Unencumbered Cash, Ending	<u>\$481,101</u>			<u>\$459,320</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-19

SPECIAL ALCOHOL AND DRUG ABUSE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Intergovernmental:				
State of Kansas	\$ 1,619	\$ <u>2,700</u>	\$ <u>(1,081)</u>	\$ 2,000
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Drug and alcohol abuse	<u>2,700</u>	\$ <u>2,700</u>	<u>-</u>	<u>2,500</u>
Receipts over (under) expenditures	\$ (1,081)			\$ (500)
Unencumbered Cash, Beginning	<u>3,025</u>			<u>3,525</u>
Unencumbered Cash, Ending	\$ <u>1,944</u>			\$ <u>3,025</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-20

EQUIPMENT RESERVE FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Interfund Transfer:				
General Fund	\$275,000	\$275,000	\$ -	-
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total cash receipts	\$275,100	<u>\$275,000</u>	<u>\$ 100</u>	\$ -
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Capital outlay	<u>170,412</u>	<u>\$535,000</u>	<u>\$364,588</u>	<u>229,144</u>
Receipts over (under) expenditures	\$104,688			\$ (229,144)
Unencumbered Cash, Beginning	<u>241,198</u>			<u>470,342</u>
Unencumbered Cash, Ending	<u>\$345,886</u>			<u>\$ 241,198</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-21

BOND AND INTEREST FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES
IN UNENCUMBERED CASH – ACTUAL AND BUDGET

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Taxes:				
Ad valorem property tax	\$547,355	\$555,187	\$ (7,832)	\$528,733
Back tax collections	3,299	1,000	2,299	1,487
Motor vehicle tax	9,871	10,415	(544)	9,865
Miscellaneous	-	-	-	1,510
Close out Assisted Living Fund	<u>76,774</u>	<u>-</u>	<u>76,774</u>	<u>-</u>
Total cash receipts	<u>\$637,299</u>	<u>\$566,602</u>	<u>\$ 70,697</u>	<u>\$541,595</u>
<u>Expenditures and Transfers</u>				
<u>Subject to Budget</u>				
Principal	\$425,000	\$425,000	-	\$410,000
Interest	<u>130,602</u>	<u>130,602</u>	<u>-</u>	<u>147,413</u>
Total expenditures and transfers subject to budget	<u>\$555,602</u>	<u>\$555,602</u>	<u>-</u>	<u>\$557,413</u>
Receipts over (under) expenditures	\$ 81,697			\$ (15,818)
Unencumbered Cash, Beginning	<u>-</u>			<u>15,818</u>
Unencumbered Cash, Ending	<u>\$ 81,697</u>			<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3

STATEMENTS OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

MORTON COUNTY, KANSAS

Statement 3-22

SPECIAL HIGHWAY IMPROVEMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Transfer from Road and Bridge	\$ 350,000	\$ 415,000
<u>Expenditures and Transfers</u>		
Capital outlay	<u>1,613,246</u>	<u>26,475</u>
Receipts over (under) expenditures	\$ (1,263,246)	\$ 388,525
Unencumbered Cash, Beginning	<u>2,021,887</u>	<u>1,633,362</u>
Unencumbered Cash, Ending	\$ <u><u>758,641</u></u>	\$ <u><u>2,021,887</u></u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-23

SPECIAL HIGHWAY EQUIPMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Transfer from Road and Bridge	\$ 350,000	\$ 415,000
<u>Expenditures and Transfers</u>		
Capital outlay	<u>414,716</u>	<u>169,584</u>
Receipts over (under) expenditures	\$ (64,716)	\$ 245,416
Unencumbered Cash, Beginning	<u>1,512,621</u>	<u>1,267,205</u>
Unencumbered Cash, Ending	<u>\$1,447,905</u>	<u>\$1,512,621</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-24

RURAL FIRE EQUIPMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Transfer from Rural Fire Fund	\$ 75,000	\$ 50,000
<u>Expenditures and Transfers</u>		
Capital outlay	<u>-</u>	<u>64,434</u>
Receipts over (under) expenditures	\$ 75,000	\$ (14,434)
Unencumbered Cash, Beginning	<u>249,769</u>	<u>264,203</u>
Unencumbered Cash, Ending	<u>\$324,769</u>	<u>\$249,769</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-25

EMERGENCY MEDICAL SERVICE EQUIPMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Transfer from Emergency Medical Service Fund	\$ 40,000	\$119,000
<u>Expenditures and Transfers</u>		
Ambulance equipment	<u>13,704</u>	<u>51,491</u>
Receipts over (under) expenditures	\$ 26,296	\$ 67,509
Unencumbered Cash, Beginning	<u>600,083</u>	<u>532,574</u>
Unencumbered Cash, Ending	<u>\$626,379</u>	<u>\$600,083</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-26

NOXIOUS WEED EQUIPMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>	-	-
<u>Expenditures and Transfers</u>	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>52,122</u>	<u>52,122</u>
Unencumbered Cash, Ending	<u>\$ 52,122</u>	<u>\$ 52,122</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-27

TREASURER'S SPECIAL AUTO FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Charges for Services:		
Treasurer's Fees:		
Motor vehicle licenses	\$ 30,556	\$ 29,751
Isolated and compensating sales tax	<u>208</u>	<u>207</u>
Total cash receipts	\$ <u>30,764</u>	\$ <u>29,958</u>
<u>Expenditures and Transfers</u>		
General Government	\$ 7,414	\$ 10,370
Amount due General Fund (KSA 8-145)	<u>23,350</u>	<u>19,588</u>
Total expenditures and transfers	\$ <u>30,764</u>	\$ <u>29,958</u>
Receipts over (under) expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-28

PROSECUTOR'S TRAINING FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Charges for Services:		
Docket fees from District Court	\$ 317	\$ 221
<u>Expenditures and Transfers</u>	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	\$ 317	\$ 221
Unencumbered Cash, Beginning	<u>3,597</u>	<u>3,376</u>
Unencumbered Cash, Ending	<u>\$ 3,914</u>	<u>\$ 3,597</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-29

COUNTY ATTORNEY DIVERSION FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Charges for Services:		
Docket fees from District Court	\$ <u>12,921</u>	\$ <u>23,101</u>
<u>Expenditures and Transfers</u>		
Contractual services	\$ 4,942	\$ 1,170
Commodities	<u>11,967</u>	<u>7,812</u>
Total expenditures and transfers	\$ <u>16,909</u>	\$ <u>8,982</u>
Receipts over (under) expenditures	\$ (3,988)	\$ 14,119
Unencumbered Cash, Beginning	<u>29,816</u>	<u>15,697</u>
Unencumbered Cash, Ending	\$ <u>25,828</u>	\$ <u>29,816</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-30

LAW LIBRARY FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Charges for Services:		
Docket fees from District Court/Dues	\$ 7,134	\$ 12,665
<u>Expenditures and Transfers</u>		
Contractual services	<u>10,059</u>	<u>9,795</u>
Receipts over (under) expenditures	\$ (2,925)	\$ 2,870
Unencumbered Cash, Beginning	<u>3,102</u>	<u>232</u>
Unencumbered Cash, Ending	<u>\$ 177</u>	<u>\$ 3,102</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-31

CONTRIBUTIONS AND BEQUESTS FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>	-	\$ -
<u>Expenditures and Transfers</u>		
Contractual services	<u>-</u>	<u>500</u>
Receipts over (under) expenditures	-	\$ (500)
Unencumbered Cash, Beginning	<u>-</u>	<u>500</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-32

SPECIAL ECONOMIC DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Rent on building	\$ 11,350	\$ 10,300
<u>Expenditures and Transfers</u>		
Capital outlay	<u>5,000</u>	<u>-</u>
Receipts over (under) expenditures	\$ 6,350	\$ 10,300
Unencumbered Cash, Beginning	<u>35,433</u>	<u>25,133</u>
Unencumbered Cash, Ending	<u>\$ 41,783</u>	<u>\$ 35,433</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-33

BIOTERRORISM FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Grant	\$ <u>24,346</u>	\$ <u>9,720</u>
<u>Expenditures and Transfers</u>		
Contractual services	\$ 4,026	\$ 5,346
Commodities	6,367	4,116
Capital outlay	<u>3,438</u>	<u>-</u>
Total expenditures and transfers	\$ <u>13,831</u>	\$ <u>9,462</u>
Receipts over (under) expenditures	\$ 10,515	\$ 258
Unencumbered Cash, Beginning	<u>2,084</u>	<u>1,826</u>
Unencumbered Cash, Ending	\$ <u><u>12,599</u></u>	\$ <u><u>2,084</u></u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-34

LOCAL E911
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Grants and gifts	\$ 11,692	\$100,837
Local fee revenue	<u>5,996</u>	<u>5,133</u>
Total cash receipts	\$ 17,688	\$105,970
<u>Expenditures and Transfers</u>		
Contractual	<u>27,155</u>	<u>68,710</u>
Receipts over (under) expenditures	\$ (9,467)	\$ 37,260
Unencumbered Cash, Beginning	<u>50,699</u>	<u>13,439</u>
Unencumbered Cash, Ending	\$ <u>41,232</u>	\$ <u>50,699</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-35

SPECIAL LAW ENFORCEMENT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Grant	\$ -	\$ 240
Miscellaneous	<u>1,464</u>	<u>420</u>
Total cash receipts	\$ 1,464	\$ 660
<u>Expenditures and Transfers</u>		
Commodities	<u>-</u>	<u>150</u>
Receipts over (under) expenditures	\$ 1,464	\$ 510
Unencumbered Cash, Beginning	<u>1,480</u>	<u>970</u>
Unencumbered Cash, Ending	\$ <u>2,944</u>	\$ <u>1,480</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-36

ASSISTED LIVING PROJECT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Interest income	\$ <u>246</u>	\$ <u>337</u>
<u>Expenditures and Transfers</u>		
Transfer to Bond and Interest Fund	\$ 76,774	\$ -
Transfer to General Fund	302,668	-
Capital outlay	<u>-</u>	<u>109,847</u>
Total expenditures and transfers	\$ <u>379,442</u>	\$ <u>109,847</u>
Receipts over (under) expenditures	\$ (379,196)	\$ (109,510)
Unencumbered Cash, Beginning	<u>379,196</u>	<u>488,706</u>
Unencumbered Cash, Ending	<u>-</u>	\$ <u>379,196</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 3-37

AIRPORT PROJECT FUND
STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND CHANGES IN UNENCUMBERED CASH – ACTUAL
For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Year Ended</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Receipts</u>		
Grant	\$ 116,795	-
<u>Expenditures and Transfers</u>		
Capital outlay	<u>229,602</u>	<u>-</u>
Receipts over (under) expenditures	\$ (112,807)	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ (112,807)</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 4

DISTRIBUTABLE, STATE SUBDIVISION AND OTHER AGENCY FUNDS
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES - ACTUAL
For the year ended December 31, 2010

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Distributable Funds:				
Ad valorem property tax	\$ 9,204,862	\$15,548,196	\$15,938,915	\$ 8,814,143
Ground water tax	-	29,548	29,548	-
Delinquent real estate tax	23,565	33,200	23,907	32,858
Delinquent personal property tax	85,212	41,223	85,212	41,223
Partial payments – Delinquent tax	9,079	7,575	9,844	6,810
Motor vehicle tax	71,944	340,138	337,268	74,814
Recreational vehicle tax	1,333	8,057	8,302	1,088
Submarginal land	-	649,977	649,977	-
Total Distributable Funds	<u>\$ 9,395,995</u>	<u>\$16,657,914</u>	<u>\$17,082,973</u>	<u>\$ 8,970,936</u>
State Funds:				
Compensating and isolated sales tax	\$ 7,367	\$ 199,278	\$ 190,988	\$ 15,657
Motor vehicle tags	62	236,091	236,385	(232)
Driver license fees	216	13,338	13,324	230
State Educational Building	(533)	179,287	179,286	(532)
State Institutional Building	-	89,643	89,643	-
Total State Funds	<u>\$ 7,112</u>	<u>\$ 717,637</u>	<u>\$ 709,626</u>	<u>\$ 15,123</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

Statement 4
(Continued)

DISTRIBUTABLE, STATE SUBDIVISION AND OTHER AGENCY FUNDS
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CASH BALANCES - ACTUAL
For the year ended December 31, 2010

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Subdivision Funds:				
Cities	\$ -	\$ 896,146	\$ 896,146	\$ -
Cemeteries	-	155,251	155,251	-
Townships	7,330	42,257	42,257	7,330
Schools	<u>22,574</u>	<u>7,818,382</u>	<u>7,786,027</u>	<u>54,929</u>
Total Subdivision Funds	<u>\$ 29,904</u>	<u>\$ 8,912,036</u>	<u>\$ 8,879,681</u>	<u>\$ 62,259</u>
Other Agency Funds:				
Civic Center Deposit	\$ 1,995	\$ 9,525	\$ 11,050	\$ 470
Payroll Clearing	15,177	653,017	626,587	41,607
Revolving Micro Loan	54,806	14,555	1,333	68,028
Bad checks	-	1,846	1,846	-
Change checks	-	2,781,049	2,781,049	-
Clerk of District Court	<u>11,225</u>	<u>122,808</u>	<u>111,587</u>	<u>22,446</u>
Total Other Agency Funds	<u>\$ 83,203</u>	<u>\$ 3,582,800</u>	<u>\$ 3,533,452</u>	<u>\$ 132,551</u>
Grand Total	<u>\$ 9,516,214</u>	<u>\$29,870,387</u>	<u>\$30,205,732</u>	<u>\$ 9,180,869</u>

The notes to the financial statements are an integral part of this statement.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Morton County is a municipal corporation governed by an elected three-member commission. These financial statements present Morton County (the primary government). The Law Library is fiscally independent of the County. It is required by statute to be audited as part of the County audit. The Law Library is used in County offices, but is operated independent of the County's governing body. Even though the Law Library is considered to be an entity independent of the County, its financial information is presented as a part of the primary government's financial statements because it is clearly an immaterial item. All component units of the County are not included in these financial statements.

A component unit is defined as an entity legally separate from the County, which is a significant dependence on, or relationships with, the County.

Component Units not Presented:

Extension Council – Morton County Extension Service provides services in such areas as agriculture, home economics and 4-H to all persons in the County. The Council is an elected executive board. The County annually provides significant operating subsidies to the Council.

Library Board – The Morton County Library Board operates the County's public library. All board members are appointed by the County Commissioners.

Hospital – The Morton County Hospital Board operates the County's hospital. The County Commissioners appoint all the board members. The County annually levies a tax for the hospital.

Housing Authority – Morton County Housing Authority Board operates the public housing projects. Board members are appointed by the Morton County Commissioners. The housing authority can sue and be sued, and can buy, sell or lease real property. Bond issuance must be approved by the County.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Related Organizations

The County Commissioners are responsible for appointing the members of the following advisory boards, but the County's accountability does not extend beyond making the appointments.

Senior Center Board
Historical Society

Joint Ventures:

Southwest Developmental Services, Inc. – Southwest Developmental Services, Inc. provides services to the developmentally disabled. Morton County Commissioners appoint one member to the board of directors.

Area Mental Health Center – The Area Mental Health Center provides mental health services for several counties. The Morton County Commissioners appoint two members to the board of directors.

Southwest Area Agency on Aging – The Morton County Commissioners appoint three members to the board of directors of the Southwest Area Agency on Aging, which provides services for the elderly for several southwest Kansas counties.

Fund Accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of Morton County for the year of 2010:

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds – to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt of Morton County.

Fiduciary Funds:

Agency Funds – to account for assets held by a governmental unit as a trustee or agent for others.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

Budgetary Information and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information and Tax Cycle (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, fiduciary type funds and nonoperating enterprise funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information and Tax Cycle (Continued)

These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is credited to Morton County General Fund.

Taxes levied to finance the budget are made available to Morton County, Kansas after the first of the year and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed annually.

Other Accounting Policies

Item 1: Cash

Cash includes amounts on hand, in checking and time deposit accounts.

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate.

Deposits are carried at cost. The carrying amount of deposits is separately displayed as "cash".

In accordance with K.S.A. 9-1402 and K.S.A. 12-1675, Morton County, Kansas deposited all funds with the First National Bank of Elkhart, Kansas and Colorado East Bank and Trust located in Elkhart, Kansas.

Item 2: Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies (Continued)

Item 3: Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Item 4: Unencumbered Cash Balance

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

Item 5: Bonds Payable

All unmatured general obligation long-term liabilities of the County are accounted for in a permanent set of records.

Item 6: Reimbursed Expense

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursements were made in the current year on behalf of the payee
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 2: Long-Term Debt – General Obligation Bonds

The government may issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are issued for only general government activities.

When issued these bonds are direct obligations and pledge the full faith and credit of the government. There were no principal and interest maturities on general obligation bonds at year end.

Note 3: Noxious Weed Supervisor

Most of the field reports were not signed by the landlord and/or the tenant.

Note 4: Interfund Transfers

<u>From</u>	<u>Amount</u>	<u>To</u>	<u>Authority</u>
Treasurer's Special Auto	\$ 23,350	General Fund	KSA 8-145
Emergency Medical		Emergency Medical Service	
Service	40,000	Equipment	KSA 12-110d
Road and Bridge	350,000	Special Road Equipment	KSA 68-141g
Rural Fire	75,000	Rural Fire Equipment	KSA 19-3612c
Road and Bridge	350,000	Special Highway Improvement	KSA 68-141g

Note 5: Statutory Compliance

- A. Contrary to the provisions of K.S.A. 10-1117 and 79-2934, the required budget and encumbrance records were not maintained by the County Clerk for 2010.
- B. There was sufficient cash to liquidate all claims outstanding at December 31, 2010.
- C. The Director of Accounts and Reports waived the statutory requirement relating to the preparation of the financial statements and financial reports that conform to the generally accepted accounting principles.
- D. Contrary to the provisions of K.S.A. 19-4206, the County Treasurer was provided blanket bond coverage.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 6: Developmental Disabled and Mental Health Funds

Expenditures of these funds are not subject to budget laws.

Note 7: Audit Reports – Boards

The following boards and associations have filed audit reports or agreed-upon procedures reports for the year ended December 31, 2010 with the Morton County Clerk, in accordance with provisions of K.S.A. 75-1120a:

Hospital Board
Library Board
Extension Council
Fair Association

Note 8: Defined Benefit Pension Plan, Work Policy Rules and Regulations

Defined Benefit Pension Plan

Morton County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired before July 1, 2009 and 6% for all employees hired after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2010 is 6.14%. Morton County employer contributions to KPERS for the years ending December 31, 2010 and 2009 were \$129,023 and \$112,441, respectively, equal to the required contributions for each year.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 8: Defined Benefit Pension Plan, Work Policy Rules and Regulations (Continued)

Work Policy Rules and Regulations

Work Week – For all employees covered by Morton County other than the Sheriff, Undersheriff and Deputies, who receive a salary or wages on a monthly basis, a work week shall consist of forty (40) hours. Designated employees with less than a forty (40) hour work week will be approved by the head of the department. No overtime, except when necessary, will be worked. For any time worked over regular hours for a specific week, time off, in a comparable amount, must be taken within the same pay period.

Overtime – Overtime, if necessary, will consist of hours worked in excess of the normal forty (40) hour work week, except for Deputies of the Sheriff. Overtime for Sheriff's deputies will consist of hours worked in excess of 171 hours per month.

- (a) Overtime will be paid at one and one-half (1 ½) times the regular hourly rate for each employee.
- (b) Resolution 87-6A shall govern payment of overtime to Sheriff's Dispatchers.

Part-Time Employees – Part-time employees and temporary employees will be paid on the basis of time actually worked and will not be entitled to receive pay for vacation or sick leave.

Compensation – Each Morton County employee shall receive his or her wages or salary twice monthly, on the sixteenth and first day of each month. If the sixteenth or first day of the month falls on Saturday or Sunday, payroll will be issued to employees on the last working day prior to the weekend.

Vacations – Vacation time for Morton County employees shall be allowed as follows:

<u>Length of Service</u>	<u>Days of Vacation Accrued Annually</u>
1st year	# of months worked previous year X .833
2-5 years	10 days
6-10 years	15 days
11+	20 days

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 8: Defined Benefit Pension Plan, Work Policy Rules and Regulations (Continued)

Work Policy Rules and Regulations (Continued)

Sick Leave – Each permanent full-time Morton County employee shall be allowed one day sick leave for every month of continuous employment. Such sick leave shall be accumulative from year to year to a maximum of ninety (90) days. Such accumulation shall not apply to probationary employees until the six (6) month probationary period has expired. Sick leave must be used for sickness or injury. It cannot be used for vacation time off.

- (a) If an employee uses all of his sick leave during an illness he may, subject to authorization from his immediate supervisor, use his unused vacation time during such illness.
- (b) In the event of illness, no sick leave exceeding three (3) days shall be allowed, unless the employee furnishes to his immediate supervisor a written statement from a physician, licensed and practicing medicine of the medical arts, certifying that the sickness has prevented the employee from working, and that employee is not physically able to return to work.
- (c) Upon termination of employment with Morton County, no employee shall receive pay for accumulated sick leave.
- (d) Each employee may take a day of sick leave to take a member of his or her family to the doctor or hospital.
- (e) Any time missed from work without vacation or sick leave will be deducted from wages.

Uncompensated Absences

Since all vacations must be taken and no provision for a carryover exists and there is no unused sick leave paid for, the County's uncompensated absence would be -0- at December 31, 2010.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 9: Deferred Compensation

Morton County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation assets, which are funded currently with third party investment companies, are not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. Morton County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Morton County participates as a joint contract owner in a Group Variable Annuity Contract (K575 and any Successor Contract) issued by Aetna Life Insurance and Annuity Company to the State of Kansas on July 1, 1980. Morton County will offer its employees, as defined by KSA 1981 Supplement 74-4902, the right to participate in the State of Kansas Deferred Compensation Plan as adopted by Morton County pursuant to the Plan Joinder Agreement. The effective date of this election to adopt said State Plan shall be July 8, 1987, and the contract year applicable to the parties to this agreement for purposes of said Group Variable Annuity Contract shall be the period of twelve months commencing with either July 8, 1987 or any anniversary thereof.

The following is a summary of activity for the year ended December 31, 2010:

Beginning account value	\$321,428.13
Contributions	21,890.68
Withdrawals	(20,445.00)
Change in investment value	<u>43,396.70</u>
Ending account balance	<u>\$366,270.51</u>

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 10: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Morton County. The statute requires banks eligible to hold Morton County's funds have a main or branch bank in the county in which Morton County is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Morton County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Morton County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Morton County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – State statutes place no limit on the amount Morton County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, Morton County's deposits may not be returned to it. State statutes require Morton County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Morton County Treasurer has a peak depository agreement with the bank.

At December 31, 2010, Morton County's carrying amount of deposits was \$16,116,823 and the bank balance was \$16,238,118. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$1,000,000 was covered by FDIC insurance, \$15,238,118 was collateralized with securities held by the pledging financial institutions' agents in Morton County's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Morton County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 11: Deficit Cash/Unencumbered Cash

Morton County does not have any funds with deficit unencumbered cash balances for the year ended December 31, 2010.

Note 12: Risk Management

The County is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been unable to obtain property, crime, liability and workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the state to participate in Kansas Workers Risk Cooperative for Counties and Kansas County Association Multiline Pool, public entity risk pools currently operating as a common risk management and insurance program for 35 and 34 participating members, respectively.

The County pays an annual premium to Kansas Workers Risk Cooperative for Counties and Kansas County Association Multiline Pool for its property, crime, liability and workers' compensation insurance coverage. The agreement to participate provides that the Kansas Workers Risk Cooperative for Counties and Kansas County Association Multiline Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$800,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Workers Risk Cooperative for Counties and Kansas County Association Multiline Pool management.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 13: Closure/Postclosure Landfill Liability

State and Federal laws and regulations require Morton County to place a final cover on the Morton County Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, Morton County reports these closure and postclosure care costs as an operating expense in the year paid. The \$584,257 represents landfill closure and postclosure care liability at December 31, 2010. The County will recognize the remaining estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The County is not required to currently accumulate funds to pay the future costs of closure and postclosure and has not done so. These future costs will be met when due by the allocation of general fund revenues, the issue of debt, or both. The County expects to close the landfill in the year 2030. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. There are 440 acres available for use of which 40 have been used.

The County has filed its financial assurance demonstration with the Kansas Department of Health and Environment.

MORTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Continued)

Note 14: Long-Term Debt

Changes in long-term liabilities for the County for the year ended December 31, 2010 were as follows:

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Assisted Living Center	4.25%	09/15/06	\$4,500,000	09/01/16	\$3,350,000	\$ -	\$ (2,910,000)	\$ (2,910,000)	\$ 440,000	\$130,603
Refinanced	2.0-3.0%	11/15/10	2,550,000	09/01/16	-	<u>2,550,000</u>	-	<u>2,550,000</u>	<u>2,550,000</u>	-
					<u>\$3,350,000</u>	<u>\$2,550,000</u>	<u>\$ (2,910,000)</u>	<u>\$ (360,000)</u>	<u>\$2,990,000</u>	<u>\$130,603</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Principal:							
General Obligation Bonds	\$480,000	\$480,000	\$490,000	\$500,000	\$510,000	\$530,000	\$2,990,000
Interest:							
General Obligation Bonds	<u>64,274</u>	<u>57,950</u>	<u>48,350</u>	<u>38,550</u>	<u>28,550</u>	<u>13,250</u>	<u>250,924</u>
Total Principal and Interest	<u>\$544,274</u>	<u>\$537,950</u>	<u>\$538,350</u>	<u>\$538,550</u>	<u>\$538,550</u>	<u>\$543,250</u>	<u>\$3,240,924</u>

MORTON COUNTY, KANSAS

SUPPLEMENTAL SCHEDULES

MORTON COUNTY, KANSAS

Schedule 1

GENERAL FUND
DEPARTMENTAL EXPENDITURES COMPARED
WITH BUDGET ESTIMATES

For the year ended December 31, 2010

(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>County Commissioners</u>				
Contractual services	\$ 52,601	\$ 52,000	\$ (601)	\$ 57,295
Commodities	<u>220</u>	<u>5,000</u>	<u>4,780</u>	<u>2,953</u>
Totals	<u>\$ 52,821</u>	<u>\$ 57,000</u>	<u>\$ 4,179</u>	<u>\$ 60,248</u>
<u>County Clerk</u>				
Contractual services	\$ 10,211	\$ 14,650	\$ 4,439	\$ 10,838
Commodities	<u>2,113</u>	<u>3,000</u>	<u>887</u>	<u>2,314</u>
Totals	<u>\$ 12,324</u>	<u>\$ 17,650</u>	<u>\$ 5,326</u>	<u>\$ 13,152</u>
<u>County Treasurer</u>				
Contractual services	\$ 7,929	\$ 14,135	\$ 6,206	\$ 7,629
Commodities	<u>2,661</u>	<u>7,955</u>	<u>5,294</u>	<u>5,350</u>
Totals	<u>\$ 10,590</u>	<u>\$ 22,090</u>	<u>\$ 11,500</u>	<u>\$ 12,979</u>
<u>County Attorney</u>				
Contractual services	\$ 38,225	\$ 74,000	\$ 35,775	\$ 17,021
Commodities	<u>3,421</u>	<u>1,000</u>	<u>(2,421)</u>	<u>77</u>
Totals	<u>\$ 41,646</u>	<u>\$ 75,000</u>	<u>\$ 33,354</u>	<u>\$ 17,098</u>
<u>Register of Deeds</u>				
Contractual services	\$ 8,933	\$ 12,655	\$ 3,722	\$ 6,533
Commodities	<u>792</u>	<u>850</u>	<u>58</u>	<u>625</u>
Capital outlay – Tech Fund	<u>15,627</u>	<u>-</u>	<u>(15,627)</u>	<u>13,087</u>
Totals	<u>\$ 25,352</u>	<u>\$ 13,505</u>	<u>\$ (11,847)</u>	<u>\$ 20,245</u>
<u>Election</u>				
Contractual services	\$ 22,057	\$ 33,000	\$ 10,943	\$ 10,114
Commodities	<u>5,808</u>	<u>10,500</u>	<u>4,692</u>	<u>270</u>
Totals	<u>\$ 27,865</u>	<u>\$ 43,500</u>	<u>\$ 15,635</u>	<u>\$ 10,384</u>

MORTON COUNTY, KANSAS

Schedule 1
(Continued)

GENERAL FUND
DEPARTMENTAL EXPENDITURES COMPARED
WITH BUDGET ESTIMATES

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Appraiser</u>				
Contractual services	\$105,655	\$128,600	\$ 22,945	\$119,830
Commodities	<u>1,169</u>	<u>3,000</u>	<u>1,831</u>	<u>744</u>
Totals	<u>\$106,824</u>	<u>\$131,600</u>	<u>\$ 24,776</u>	<u>\$120,574</u>
<u>Clerk of District Court</u>				
Contractual services	\$ 81,183	\$ 64,500	\$ (16,683)	\$ 77,346
Commodities	<u>4,047</u>	<u>5,000</u>	<u>953</u>	<u>3,058</u>
Totals	<u>\$ 85,230</u>	<u>\$ 69,500</u>	<u>\$ (15,730)</u>	<u>\$ 80,404</u>
<u>Courthouse General</u>				
Contractual services	\$225,435	\$400,700	\$175,265	\$177,717
Commodities	<u>16,497</u>	<u>36,450</u>	<u>19,953</u>	<u>5,699</u>
Totals	<u>\$241,932</u>	<u>\$437,150</u>	<u>\$195,218</u>	<u>\$183,416</u>
<u>Data Processing</u>				
Contractual services	\$ 47,232	\$ 46,904	\$ (328)	\$ 34,430
Commodities	<u>8,703</u>	<u>6,050</u>	<u>(2,653)</u>	<u>9,115</u>
Totals	<u>\$ 55,935</u>	<u>\$ 52,954</u>	<u>\$ (2,981)</u>	<u>\$ 43,545</u>
<u>Purchasing Department</u>				
Contractual services	\$ 1,305	\$ -	\$ (1,305)	\$ -
Commodities	<u>26,712</u>	<u>27,600</u>	<u>888</u>	<u>25,857</u>
Totals	<u>\$ 28,017</u>	<u>\$ 27,600</u>	<u>\$ (417)</u>	<u>\$ 25,857</u>
<u>Public Safety – Sheriff</u>				
Contractual services	\$ 96,044	\$ 95,000	\$ (1,044)	\$ 75,059
Commodities	53,344	96,000	42,656	44,465
Capital outlay	<u>1,966</u>	<u>-</u>	<u>(1,966)</u>	<u>-</u>
Totals	<u>\$151,354</u>	<u>\$191,000</u>	<u>\$ 39,646</u>	<u>\$119,524</u>

MORTON COUNTY, KANSAS

Schedule 1
(Continued)

GENERAL FUND
DEPARTMENTAL EXPENDITURES COMPARED
WITH BUDGET ESTIMATES

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Juvenile Detention</u>				
Contractual services	\$ <u>6,935</u>	\$ <u>5,000</u>	\$ <u>(1,935)</u>	\$ <u>3,989</u>
<u>Mobile Communications</u>				
Contractual services	<u>-</u>	\$ <u>10,700</u>	\$ <u>10,700</u>	<u>-</u>
<u>Environmental – Solid Waste</u>				
Contractual services	\$ <u>1,436</u>	\$ <u>23,240</u>	\$ <u>21,804</u>	\$ <u>15,882</u>
Commodities	<u>29,094</u>	<u>102,700</u>	<u>73,606</u>	<u>18,769</u>
Capital outlay	<u>16,546</u>	<u>-</u>	<u>(16,546)</u>	<u>-</u>
Totals	\$ <u>47,076</u>	\$ <u>125,940</u>	\$ <u>78,864</u>	\$ <u>34,651</u>
<u>Payroll Department</u>				
Personal services	\$ <u>2,315,749</u>	\$ <u>2,600,000</u>	\$ <u>284,251</u>	\$ <u>2,295,172</u>
Contractual services	<u>17,406</u>	<u>-</u>	<u>(17,406)</u>	<u>2,714</u>
Totals	\$ <u>2,333,155</u>	\$ <u>2,600,000</u>	\$ <u>266,845</u>	\$ <u>2,297,886</u>
<u>Economic Development</u>				
Contractual services	\$ <u>20,281</u>	\$ <u>39,420</u>	\$ <u>19,139</u>	\$ <u>18,086</u>
Commodities	<u>500</u>	<u>4,500</u>	<u>4,000</u>	<u>200</u>
Totals	\$ <u>20,781</u>	\$ <u>43,920</u>	\$ <u>23,139</u>	\$ <u>18,286</u>
<u>Golf Course</u>				
Contractual services	\$ <u>36,538</u>	\$ <u>42,850</u>	\$ <u>6,312</u>	\$ <u>34,429</u>
Commodities	<u>39,235</u>	<u>46,960</u>	<u>7,725</u>	<u>39,491</u>
Totals	\$ <u>75,773</u>	\$ <u>89,810</u>	\$ <u>14,037</u>	\$ <u>73,920</u>

MORTON COUNTY, KANSAS

Schedule 1
(Continued)

GENERAL FUND
DEPARTMENTAL EXPENDITURES COMPARED
WITH BUDGET ESTIMATES

For the year ended December 31, 2010
(with comparative actual totals for the prior year ended December 31, 2009)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Civic Center</u>				
Contractual services	\$ 30,226	\$ 86,900	\$ 56,674	\$ 38,319
Commodities	1,585	20,800	19,215	9,078
Capital outlay	320	-	(320)	-
Totals	<u>\$ 32,131</u>	<u>\$ 107,700</u>	<u>\$ 75,569</u>	<u>\$ 47,397</u>
<u>Other</u>				
Transfer – Equipment Reserve	\$ 275,000	\$ 275,000	-	\$ -
WEKANDO – Contractual	330,000	330,000	-	205,995
Reimburse Bond and Interest Fund	-	-	-	1,510
Reimburse Airport Fund	-	-	-	75,000
Total	<u>\$ 605,000</u>	<u>\$ 605,000</u>	<u>-</u>	<u>\$ 282,505</u>
Totals	<u>\$3,960,741</u>	<u>\$4,726,619</u>	<u>\$765,878</u>	<u>\$3,466,060</u>

The Board of County Commissioners
Morton County, Kansas

In planning and performing our audit of the financial statements of Morton County, Kansas, as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Morton County, Kansas' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morton County, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Morton County, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

- 1) Contrary to the provisions of K.S.A. 10-117 and K.S.A. 79-2934, encumbrance and unencumbered cash records were not maintained.
- 2) Adjusting journal entries were required in order to reflect the proper balance in each fund.
- 3) Our firm assisted the County in preparing the financial statements and the footnotes for the year ended December 31, 2010.

This communication is intended solely for the information and use of the management of Morton County, Kansas, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Hay•Rice & Associates, Chartered

August 30, 2011

The Board of County Commissioners
Morton County, Kansas

We have audited the financial statements of Morton County, Kansas for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 8, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Morton County, Kansas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The Board of County Commissioners
Morton County, Kansas

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Morton County, Kansas and is not intended to be and should not be used by anyone other than these specified parties.

Hay•Rice & Associates, Chartered

August 30, 2011